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# Congress Claims Fiscal Crisis Could Halt Military Buildup

By Paul Mann

**Washington**—President Ronald Reagan's military buildup has been stopped and may be reversed by the nation's "fiscal crisis," key congressional military experts believe.

In their view, the nation's \$200-billion deficits and the November elections have merged to create irresistible pressure to cut federal spending, defense included. Accordingly, they believe fiscal pressures will intensify long-standing procurement concerns, including:

- Costly tradeoffs between weapons and readiness.

- Production stretchouts. Despite their higher unit costs, stretchouts traditionally have been viewed in Congress as preferable to terminations and that view is apt to persist.

- Purchase of foreign-made weapons. In a harsh fiscal climate this may be more economical than starting new U.S. programs.

- Dual-source production. This will spread from the Navy to the other services, a Senate Democrat aide said, because if it does not, "the services will face enormous pressure explaining to Congress why not."

- Obstacles to reform. In recent years the congressional Military Reform Caucus has sought to shift the core of the defense debate from the budget to combat effectiveness. Yet, funding cuts will accentuate the budget as the driving engine of debate. However, cuts also may boost the reform drive for simpler, cheaper weapons that can be produced in quantity. Expensive smart technology like that intended for deep interdiction missions in Europe will become more difficult to justify.

- Scrutiny of the U.S. relationship with its allies worldwide. The focus will not be the commitments themselves, but how they are carried out with respect to the allied contribution.

- Continued attempts at procurement reform. This year these include twin House and Senate bills aimed at fostering competition by expanding the authority of the Board of Contract Appeals in the General Services Administration to hear bid and contract protests against any federal agency, including the Defense Dept. A second House bill would dismantle the Defense Logistics and the Contract Audit agencies and return their functions to the military services (AW&ST Feb. 17, p. 17).

Congress also is likely to take action this year on reform of the Joint Chiefs of Staff and Pentagon-wide reorganization.

When the President sent Congress his \$312 billion defense request Feb. 5, it was spurned as fiscally unrealistic, even by lawmakers who thought it justified by the Soviet threat and the nation's global military commitments (AW&ST Feb. 17, p. 111). The threat continues to worsen, according to the most recent worldwide intelligence briefing of the Central Intelligence Agency, presented to the House and Senate Armed Services committees in late January. The briefing said:

- Soviet production of intercontinental ballistic missiles will "increase substantially" over the next five years, compared with 1980-1985. Similarly, submarine production is projected to jump 20-25% and tank production well over 50%. Also projected are approximately 4,000 Soviet fighter aircraft and helicopters and "a few hundred" strategic bombers. Nonetheless, the CIA said the latest U.S. aircraft retain advantages in avionics and sortie rates despite the better performance and larger payloads achieved by newer versions of Soviet fighter and fighter-bomber aircraft.

- Improvements to the operational anti-ballistic missile defenses at Moscow are likely to be completed by 1987. "This provides them with all the components necessary for a much larger, widespread ABM defense, including transportable engagement radars, above-ground launchers and a new high-acceleration, short-range interceptor," the CIA briefing said. "The distinction between missions for surface-to-air missiles and ABMs is becoming increasingly blurred as the result of technology improvements to SAMs such as the SA-X-12. That system's capabilities against tactical ballistic missiles gives it the potential to function in a missile defense role."

- The costs of Soviet military space activities alone are about the same as those for strategic offensive forces. The CIA estimates that between 1980 and 1983, the cost of the Soviet space program nearly doubled.

Threat analyses like these are viewed skeptically by some members of Congress, including Rep. Denny Smith (Ore.), Republican cochairman in the House of the Military Reform Caucus. Smith, a pilot and 10-year veteran of the Air Force and Air National Guard, said that although

the threat justifiably helps determine the amount of the President's defense budget, "about budget time every year, the Defense Dept. goes into its pump-up-the-[Soviet]-bear routine. I've seen the threat briefing every year—this is my sixth year—but I find the threat doesn't really change [that fast]. Things they were talking about 10 or 15 years ago they're still talking about: look down/shoot down capability, satellite detection capability, their fighters versus ours. [The threat] moves forward more slowly" than estimates might suggest.

To meet the threat, President Reagan's Fiscal 1987 budget request would:

- Grant a \$34-billion budget authority increase above the Fiscal 1986 baseline established when a \$13.3-billion reduction was ordered Feb. 1 as part of a government-wide deficit-reduction mandate. Based on Office of Management and Budget inflation estimates, the \$34 billion would mean 8% real growth in budget authority and 2% in outlays. Over 5 years, real growth in budget authority would be 22%.

- Initiate procurement of such programs as the Trident 2 strategic missile and the McDonnell Douglas C-17 cargo aircraft.

- Conclude procurement of such programs as the Rockwell B-1B strategic bomber, Lockheed C-5 transport and the McDonnell Douglas KC-10 tanker.

- Provide a \$2 billion increase for the Strategic Defense Initiative, the President's priority research program into the feasibility of a space-based defense against ballistic missiles.

Although congressional cuts are certain, their depth and placement are not. They will depend on the unfolding of election year politics and the outcome of a Supreme Court decision this summer on the constitutionality of the Gramm-Rudman-Hollings deficit reduction law, by itself a wildcard in all budget forecasts. For now the law remains in effect despite a recent lower court ruling against it.

## Gramm-Rudman Computations

Dr. William W. Kaufmann, a Harvard lecturer and consultant to the Brookings Institution who specializes in defense budget analysis, has computed two estimates of Gramm-Rudman's impact over the next five years.

The optimistic one assumes 3% growth in gross national product; the pessimistic one, 2.5%.

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Assuming also that the law's deficit ceilings are breached and its automatic reduction provisions triggered in each of the five years, Kaufmann found that defense budget authority in the optimistic estimate dropped to \$183 billion by 1991. That would depress it to the Fiscal 1980 level, in constant 1986 dollars with the effects of inflation removed.

"But you can't really buy as much as in 1980 because you're buying more expensive goods and services now than you were then," Kaufmann noted.

Under the pessimistic estimate, spending would fall by 1991 to \$162 billion, a mid-1970s level.

However primitive these calculations are, Gramm-Rudman "is absolutely a meat cleaver" on the defense budget, Kaufmann said. "I don't think members of Congress realize yet what these kinds of cuts would do to [military] capability."

### Congressional Estimates

Among key members of Congress, spending estimates for Fiscal 1987 vary, but generally they are pessimistic. In recent weeks forecasts have come from:

- Rep. Les Aspin (D.-Wis.), chairman of the House Armed Services Committee. Using eight different budget outcomes, he found that "all roads lead to \$260 billion for defense" for Fiscal 1987, about \$60 billion less than the President wants. Aspin believes that is a conservative estimate of how large the reduction will be and that it will occur even if the federal deficit goes down from January's projection of \$220 billion to a revised \$180 billion. Under the logic of Gramm-Rudman, his computations show defense cuts will range from \$12-30 billion in outlays, money spent, but the actual reduction will be at least twice those levels in terms of budget authority, permission to spend.

- Rep. William L. Dickinson (Ala.), ranking Republican on the House Armed Services Committee. He believes a freeze is the best the President can hope for, according to an aide.

- Rep. Joseph P. Addabbo (D.-N. Y.), chairman of the House Appropriations defense subcommittee. In early February, he said he would press for a freeze but that a 3% increase was possible over this year's level, after allowing for the \$13.3 billion Gramm-Rudman cut Feb. 1. Unlike Aspin, Addabbo is not worried about the prospect of major cuts. "There's still enough money lying around from previous years so that you could cut a lot of money without touching the muscle of our programs," he said.

- Rep. Joseph M. McDade (Pa.), ranking Republican on Addabbo's subcommittee. He said a freeze was likely, but held out the possibility of 1-3% real growth, depending on "a whole host of factors, all of which are deficit-driven. There is no question the President's submission will be

cut, just as it was last year," McDade said, "but I hope we will not again experience negative growth," which he estimated at 3.5% from Fiscal 1985 to Fiscal 1986.

- Rep. William H. Gray, 3rd, chairman of the House Budget Committee. He asked the President to resubmit his budget proposal, charging that it underestimated defense outlays for next year by \$10-15 billion. If Congress assembles a budget on that assumption, Gray said, it might breach Gramm-Rudman's \$144 billion deficit ceiling this summer, triggering automatic across-the-board cuts, 50% of which would be borne by the Defense Dept.

- Gray's Republican counterpart, Sen. Pete V. Domenici (N. M.), chairman of the Senate Budget Committee. Domenici has said the nation's defense budget needs growth, although he believes the Defense Dept. "could live, but not prosper" with an increase smaller than the \$34 billion sought by President Reagan. In what may have been a conciliatory signal to Gray and the rest of the majority Democrats in the House, Domenici has said he would prefer to see a tax hike—in concert with social spending cuts and a defense increase—rather than "the tragedy, even the calamity, of a huge sequester (fund cancellation) in defense through the Gramm-Rudman-Hollings process." Higher taxes are anathema to the White House, however, as they are to some of Domenici's Republican allies in the Senate.

- Sen. Barry Goldwater (R.-Ariz.), chairman of the Senate Armed Services Committee, who sides with the President, not Domenici, on taxes. "Anyone who argues that a tax increase is needed to pay for defense doesn't know what he's talking about," Goldwater said when the President's budget was issued. "If a tax increase is necessary, it will be to pay for domestic programs, not defense."

- Sen. Sam Nunn (Ga.), ranking Democrat on Goldwater's committee. By his calculations the defense budget suffered a 5-6% real decrease this year, the first since Fiscal 1971, and could lose \$50-75 billion in October if Gramm-Rudman's sequester is triggered. Nunn characterized Defense Secretary Caspar W. Weinberger's five-year plan for average annual real growth of 4% as 4% higher than the best the Secretary will get "and the worst case would be much lower than that." The Secretary's plan, Nunn said, "is not in tune with fiscal reality . . . The steady annual increases in defense spending the past five years, in my opinion, are a thing of the past."

"We're now at a much higher base, and that's fortunate," Nunn said. "A 1% increase now is approximately equal in purchasing power to what a 3% increase was five years ago because we have a much higher base from which to compute the increase." □